



ARIZONA HOUSE OF REPRESENTATIVES

HB 2126: government property; abatement; slum; blight

PRIME SPONSOR: Representative Leach, LD 11

BILL STATUS: [Senate Engrossed](#)

Senate 3rd Read: 28-0-2

Legend:

GPLET – Government Property Lease Excise Tax
Amendments – **BOLD** and ~~Stricken~~ (Committee)

Abstract

Relating to the GPLET slum or blighted area abatement.

Provisions

1. Adjusts the maximum size of a central business district to the greatest of:
 - a. 960 acres;
 - b. 2.5% of the total land area within the exterior boundaries of the municipality; or
 - c. The total land area of an existing central business district as of January 1, 2018. (Sec 1)
2. Specifies a *geographically compact* central business district has a length that is no more than twice its width, as measured from at least four points on the exterior boundary of the district.
 - a. Any central business district existing prior to January 1, 2018 is deemed *geographically compact*, but the district must abide by the requirement above if the district expands. (Sec. 1)
3. Specifies that a slum or blighted area designation made after September 30th, 2018 automatically terminates after 10 years, unless after review by the city or town, the designation is formally renewed, modified or terminated in whole or in part.
 - a. Stipulates that if a designation is renewed or modified, it is subject to subsequent reviews on a 10-year cycle and if the designation fails to be renewed or modified, it automatically terminates 5 years after review.
 - b. States the termination of a slum or blighted area does not affect any existing projects for non-profit educational institutions located inside the designated area.
 - c. Exempts government property leases or development agreements if:
 - i. The lease was entered into before the termination or modification of the slum or blighted area designation; or
 - ii. A development agreement, ordinance or resolution was approved by the governing body of the lessor, before the termination or modification of the slum or blighted area designation, that authorized a lease and the lease was entered into within five years after the development agreement was entered into or resolution was approved by the governing body. (Sec. 1)
4. Directs each municipality, by October 1, 2020, to review each slum or blighted area in which a central business district is located that was designated before September 30, 2018 and renew, modify or terminate it.
 - a. Stipulates if the designation is renewed or modified, it is subject to subsequent reviews on a 10-year cycle and if the designation fails to be renewed or modified, it automatically terminates on October 1, 2025 or 5 years after any subsequent review.
 - b. States the termination of a slum or blighted area does not affect any existing projects for non-profit educational institutions located inside the designated area.
 - c. Exempts government property leases or development agreements if:

☐ Prop 105 (45 votes)

☐ Prop 108 (40 votes)

☐ Emergency (40 votes)

☐ Fiscal Note

- i. The lease was entered into before the termination or modification of the slum or blighted area designation; or
- ii. A development agreement, ordinance or resolution was approved by the governing body of the lessor, before the termination or modification of the slum or blighted area designation, that authorized a lease and the lease was entered into within five years after the development agreement was entered into or resolution was approved by the governing body. (Sec 1)

Current Law

[Title 42, Chapter 6, Article 5, Arizona Revised Statutes](#) establishes the GPLET. A GPLET applies to any entity that leases property from a city, town, county or county stadium district for at least 30 consecutive days for commercial or industrial use. The tax is based in terms of dollars per square foot, rather than the value of the property, to be calculated by each lessee.

The GPLET may be abated for a period of eight years if the property is: 1) located in a single central business district (must be geographically compact and no larger than the greater of 5% of the land area within the exterior boundaries of the municipality or 640 acres) within a slum and blighted area and subject to a lease or development agreement entered into on or after April 1, 1985; and 2) if the improvement resulted or will result in an increase in property value of at least 100%. Any lease with an abated GPLET is limited to eight years, at which point the property is conveyed to the lessee.

The government jurisdiction levying the tax must remit GPLET collections to the county (13%), the municipality (7%), the community college district (7%) and the school district (73% for a unified district or 36.5% for an elementary or high school district).